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# NPS Partnership Helps Iraqis Improve Procurement System

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## NPS Partnership Helps Iraqis Improve Procurement System

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Article by Kate Lamar, Photos courtesy of Max Kidalov

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Two faculty members from the Graduate School of Business and Public Policy (GSBPP) at the Naval Postgraduate School (NPS) recently traveled to Iraq to teach officials from the Iraqi and Kurdish Ministry of Interior and Kurdish Ministry of Peshmerga Affairs about the government procurement standards of competition, transparency, fairness, best value and quality control referenced in the Coalition Provisional Authority (CPA) Order 87, Public Contracts. Adopted in 2004, CPA 87 remains the basic government procurement law of Iraq, outlining principles for how the Iraqi government competes its business opportunities, writes and administer contracts and deals with Iraqi and international suppliers.

Max Kidalov, an assistant professor of procurement law and policy at GSBPP, and Janie Maddox, a lecturer at GSBPP, responded to a request by the International Defense Acquisition and Resource Management (IDARM) program at the NPS School of International Graduate Studies (SIGS), to teach this two-week workshop.

"This is the first time that IDARM has had the opportunity to support the Iraqis in their initiatives toward an improved procurement system," said Elisabeth Wright, Program Manager for IDARM, who coordinated the workshop. "The ongoing collaboration between IDARM and GSBPP provided the framework for moving forward."

About 30 Iraqi and Kurdish ministry officials involved in security and defense attended the course, which took place at the Ministry of Interior's (MoI) Officer's Club in Baghdad July 24 – August 5, 2010. The IDARM procurement workshop complements another SIGS partnership between the Iraqi ministries and the Defense Resources Management Institute (DRMI).

The IDARM workshop focused on how the MoI could improve existing practices in buying products and services to ensure they get the best value for their money, while maintaining fair competition and avoiding unnecessary sole source contracts. Other topics examined how to effectively administer contracts and accurately estimate contract costs, how to deter corruption in the procurement system and how to protect whistleblowers through impartial tribunals for resolving complaints.

"We were there to help them learn their own internal standards of procurement, but more than that, we were there to help them think of better and faster ways to do procurement," said Maddox. "They already have some expertise of their own, and part of this session involved their more experienced leaders explaining to newer officials how the existing procurement system works. We were able to build upon that and to offer insights into best practices the U.S. government procurement system utilizes."

The existing Iraqi procurement system is faced with a number of challenges, according to Kidalov and Maddox.

"A major challenge facing these officials is ensuring fair competition of contracts while simultaneously maintaining fiscal and quality control standards," Kidalov said. "There are some anomalies in the current system, which could be overcome by instituting controls, checks, and balances that align with the International standards set out in the CPA Order 87 and supported by the U.S., the U.N., the International Chamber of Commerce and the World Trade Organization."

One of these anomalies is a measure that was implemented to deter corruption, an ongoing challenge for the Iraqi government. The measure separates the agency awarding contracts from the agency ensuring contractors get paid through letters of credit. The problem is the work requirements outlined in the letters of credit often do not match the original contract requirements. This means contractors get paid for undelivered goods or work that fails to meet the contracted needs. The added step of requiring letters of credit, issued by an outside agency, also slows down the procurement process by upwards of six months, said Maddox.

Part of this issue can be solved by implementing procedures ensuring standard contract clauses are explicitly written into contracts and letters of credit, while still maintaining the existing system of checks and balances that help combat corruption and graft, according to Kidalov.

"It's imperative for the Iraqi central government to provide a governance model that will be attractive to the people from all the regions, including Iraqi Kurdistan," said Kidalov. "That is what we are helping them to do. We are showing them how to implement international procurement standards that will allow industry to feel confident when doing business with the government."

Three follow-on procurement workshops are planned for 2011. The next two-week IDARM workshop will be conducted on NPS in February for a group of Iraqi procurement personnel. IDARM was established in 1997 to provide executive education short courses in the area of international acquisition, procurement and logistics to developing countries. IDARM teaches approximately sixteen courses a year, as well as five on-campus courses in the spring and fall.